

**QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR’S REPORT**

**FOR THE YEAR ENDED**

**31 DECEMBER 2022**

# **QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

## **Consolidated Financial Statement and Independent Auditor’s Report For the year ended 31 December 2022**

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<b>CONTENTS</b>	<b>Page(s)</b>
Independent auditor’s report	1-5
<b>Consolidated financial statements:</b>	
Consolidated statement of financial position	6
Consolidated statement of profit or loss	7
Consolidated statement of comprehensive income	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11 - 41

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Qatar Fuel Company Q.P.S.C ("WOQOD")  
Doha, Qatar

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Qatar Fuel Company Q.P.S.C ("WOQOD") (the "Company"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p><b>Valuation of Property, Plant and Equipment</b></p> <p>The Group has property, plant and equipment with a carrying value of QR 3,305,881 thousand at 31 December 2022. Included in property, plant and equipment is land which is measured at fair value of QR. 528,750 thousand.</p> <p>The determination of fair value of this land is based on external valuations.</p> <p>We focused on this area as the valuation process requires significant judgements to be applied, in determining the appropriate valuation methodology to be used, and significant estimates to be made. The results of the valuations are highly sensitive to the estimates made, for example the discount rate, price of comparable plots, disposal period and infrastructure cost.</p> <p>Refer to the following notes to the consolidated financial statements for more details relating to this matter:</p> <ul style="list-style-type: none"> <li>• Note 3(e) - Significant accounting policies on property, plant and equipment;</li> <li>• Note 5 - Property, plant and equipment.</li> </ul>	<p>Our audit procedures included, inter alia, the following:</p> <p>We assessed the design and implementation of controls over the valuation of land;</p> <p>We involved our internal real estate valuation specialist to review the valuation reports on a sample basis and assessed whether the valuation approach and method used are in accordance with the established standards for valuation of the properties. Our internal specialist also assessed the assumptions used by the third-party valuers in the valuation process;</p> <p>We evaluated the qualifications, independence, skills and competence of the external valuers;</p> <p>We reviewed the engagement letter with the external valuers to determine if their scope was sufficient for audit purposes;</p> <p>We agreed the inputs into the valuations, where applicable, to supporting documentation, on a sample basis;</p> <p>We reperformed the arithmetical accuracy of the valuation;</p> <p>We agreed the results of the valuation to the amount reported in the consolidated financial statements; and</p> <p>We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.</p>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
<p><b>Land received from the Government</b></p> <p>The Group has received the right to use for 101 plots of land from the Ministry of Municipality and Urban Planning (“the Ministry”).</p> <p>During 2021, the Group has received draft lease agreements for certain plots of land from the Ministry for use of the land, which created a present obligation to pay rent to the Ministry. The lease agreements are still under discussion, which has resulted in material uncertainty in the determination of the lease liability and right of use assets.</p> <p>The Group has recognised a provision of QR 179 million for the accumulated annual rental until 31 December 2022. We considered this to be a Key audit matter, because of the significant judgements applied in the accounting treatment and estimates made in the determination of the aforementioned provision.</p> <p>Refer to the following notes to the consolidated financial statements for more details relating to this matter:</p> <ul style="list-style-type: none"> <li>• Note 5 – Property, plant and equipment.</li> <li>• Note 21 – Trade and other payables</li> </ul>	<p>Our audit procedures included, inter alia, the following:</p> <p>We assessed the design and implementation of controls over the determination of the provision for the accumulated annual rental;</p> <p>We inspected the documentation received from the Ministry relating to the right to use the 101 plots of land;</p> <p>We assessed the judgements applied by management in determining the accounting treatment for the accumulated annual rental up until 31 December 2022;</p> <p>We assessed management’s estimates used to determine the aforementioned provision by agreeing the amounts used to calculate the provision to the lease agreements where applicable;</p> <p>We assessed the calculation of the provision for mathematical accuracy;</p> <p>We agreed the results of the calculation of the provision to the amount reported in the consolidated financial statements; and</p> <p>We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.</p>

### Other Information

Management is responsible for the other information. The other information comprises the Board of Directors’ Report, which we obtained prior to the date of this auditor’s report and other information included in the Annual Report, which is expected to be made available to us after the date of this auditor’s report. The other information does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


### Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- The Company has maintained proper books of account were maintained by the Company, physical inventory verification has been duly carried out and the contents of the director's report are in agreement with the Company's accompanying consolidated financial statements.
- We obtained all the information and explanations which we considered necessary for the purpose of our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association were committed during the year which would materially affect the Group's consolidated financial position or its consolidated financial performance.

Doha – Qatar  
18 January 2023

For Deloitte & Touche  
Qatar Branch

  
Midhat Salha  
Partner  
License No. 257  
QFMA Auditor License No.  
120156



## QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")


### Consolidated Statement of Financial Position

As at 31 December 2022

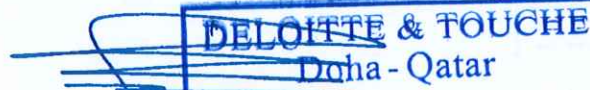
*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

	Note	2022	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,305,881	3,149,365
Right-of-use assets	6	106,828	146,880
Investment properties	7	894,976	899,954
Investments	8	3,640,919	4,106,169
Goodwill and intangibles	9	140,497	135,376
<b>Total non-current assets</b>		<b>8,089,101</b>	<b>8,437,744</b>
<b>Current assets</b>			
Inventories	10	705,403	447,942
Due from related parties	11 (b)	321,442	285,873
Trade receivables	12	1,895,076	2,070,333
Prepayments and other receivables	13	134,918	158,470
Cash and bank balances	14	3,264,500	1,907,740
<b>Total current assets</b>		<b>6,321,339</b>	<b>4,870,358</b>
<b>TOTAL ASSETS</b>		<b>14,410,440</b>	<b>13,308,102</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	15	994,256	994,256
Legal reserve	16	498,914	498,914
Fair value reserve	17	(93,431)	240,413
Revaluation surplus		507,333	504,703
Retained earnings		7,290,337	6,800,728
<b>Equity attributable to equity holders of the parent</b>		<b>9,197,409</b>	<b>9,039,014</b>
Non – controlling interests		115,199	138,481
<b>TOTAL EQUITY</b>		<b>9,312,608</b>	<b>9,177,495</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liabilities	18	81,643	109,792
Employees' end of service benefits	19	114,107	97,947
Decommissioning provision	20	25,826	24,596
<b>Total non-current liabilities</b>		<b>221,576</b>	<b>232,335</b>
<b>Current liabilities</b>			
Due to related parties	11 (c)	3,867,225	2,954,489
Finance lease liabilities	18	29,269	40,934
Trade and other payables	21	979,762	902,849
<b>Total current liabilities</b>		<b>4,876,256</b>	<b>3,898,272</b>
<b>TOTAL LIABILITIES</b>		<b>5,097,832</b>	<b>4,130,607</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,410,440</b>	<b>13,308,102</b>

These consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following on 18 January 2023:



Ahmad Saif Al-Sulaiti  
Chairman



Saad Rashid Al-Muhannadi  
Managing Director & Chief Executive Officer

This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.  
The notes on pages 11 to 41 form an integral part of these consolidated financial statements.





# QATAR FUEL COMPANY Q.P.S.C. ("WOQOD")

## Consolidated statement of profit or loss

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2022	2021
Revenues	22	29,934,920	19,531,496
Cost of sales	23	<u>(29,005,252)</u>	<u>(18,650,923)</u>
<b>Gross profit</b>		<b>929,668</b>	<b>880,573</b>
Other income	24	269,030	220,581
General and administrative expenses	25	(235,162)	(230,322)
Finance income	26	141,399	119,807
Provisions / impairments	27	<u>(3,577)</u>	<u>11,784</u>
<b>Net profit for the year</b>		<b><u>1,101,358</u></b>	<b><u>1,002,423</u></b>
<b>Attributable to:</b>			
Equity holders of the Parent		1,070,065	974,026
Non-controlling interests		<u>31,293</u>	<u>28,397</u>
<b>Net profit for the year</b>		<b><u>1,101,358</u></b>	<b><u>1,002,423</u></b>
<b>Basic earnings per share</b> (expressed in QR per share)	28	<b><u>1.08</u></b>	<b><u>0.98</u></b>



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# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Consolidated statement of other comprehensive income

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	2022	2021
Net profit for the year	<u>1,101,358</u>	<u>1,002,423</u>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net change in fair value of investments	(138,478)	124,922
Revaluation gain / (loss) for the year	<u>2,630</u>	<u>(7,010)</u>
<b>Other comprehensive (loss) / income for the year</b>	<u>(135,848)</u>	<u>117,912</u>
<b>Total comprehensive income for the year</b>	<u>965,510</u>	<u>1,120,335</u>
<b>Attributable to:</b>		
Equity holders of the Parent	940,792	1,089,719
Non-controlling interests	<u>24,718</u>	<u>30,616</u>
	<u>965,510</u>	<u>1,120,335</u>



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**QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)**

**Consolidated Statement of Changes in Equity  
For the year ended 31 December 2022**

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

	Attributable to the equity holders of the parent					Total	Non-controlling interests	Total equity
	Share capital	Legal reserve	Fair value reserve	Revaluation surplus	Retained earnings			
Balance at 1 January 2021	994,256	498,914	158,339	511,713	6,267,782	8,431,004	155,865	8,586,869
<i>Total comprehensive income for the year:</i>								
Net profit for the year	-	-	-	-	974,026	974,026	28,397	1,002,423
Other comprehensive income for the year	-	-	82,074	(7,010)	40,629	115,693	2,219	117,912
Total comprehensive income for the year	-	-	82,074	(7,010)	1,014,655	1,089,719	30,616	1,120,335
Cash dividends paid for 2020 (Note 29)	-	-	-	-	(457,358)	(457,358)	-	(457,358)
Contribution to social and sports fund	-	-	-	-	(24,351)	(24,351)	-	(24,351)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(48,000)	(48,000)
Balance at 31 December 2021	994,256	498,914	240,413	504,703	6,800,728	9,039,014	138,481	9,177,495
Balance at 1 January 2022	994,256	498,914	240,413	504,703	6,800,728	9,039,014	138,481	9,177,495
<i>Total comprehensive income for the year:</i>								
Net profit for the year	-	-	-	-	1,070,065	1,070,065	31,293	1,101,358
Other comprehensive loss for the year	-	-	(333,844)	2,630	201,941	(129,273)	(6,575)	(135,848)
Total comprehensive income for the year	-	-	(333,844)	2,630	1,272,006	940,792	24,718	965,510
Cash dividends paid for 2021 (Note 29)	-	-	-	-	(755,634)	(755,634)	-	(755,634)
Contribution to social and sports fund	-	-	-	-	(26,763)	(26,763)	-	(26,763)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(48,000)	(48,000)
Balance at 31 December 2022	994,256	498,914	(93,431)	507,333	7,290,337	9,197,409	115,199	9,312,608



This statement has been prepared by the Group and stamped by the Auditors for identification purposes only. The notes on pages 11 to 41 form an integral part of these consolidated financial statements.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Consolidated Statement of Cash Flows For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

	Note	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year		1,101,358	1,002,423
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	5	163,320	164,253
Depreciation on right-of-use assets	6	41,709	41,360
Depreciation on investment properties	7	16,454	16,287
Amortisation of intangibles	9	1,680	1,081
Unwinding of finance cost of decommissioning provision		1,230	1,171
Interest on finance lease liabilities		8,111	7,508
Reversals for bad and doubtful debts	12 (b)	(15,115)	(13,279)
Impairment of property, plant and equipment	5	(830)	220
Impairment of investment properties	7	1,335	1,275
Impairment for slow moving inventories	10	797	5,268
Provision for employees’ end of service benefits	19	24,230	19,356
Loss on sale and write off of property, plant and equipment and right-of-use assets		300	359
Income tax expense		1,286	3,626
Dividend income	24	(92,014)	(60,832)
Finance income		(141,398)	(119,807)
		<b>1,112,453</b>	<b>1,070,269</b>
<i>Changes in:</i>			
- inventories		(258,258)	(137,889)
- due from related parties		(35,569)	(109,747)
- trade receivable and prepayments		213,924	(204,787)
- trade and other payables		88,178	179,861
- due to related parties		912,736	689,758
<b>Cash generated from operating activities</b>		<b>2,033,464</b>	<b>1,487,465</b>
Employees’ end of service benefits paid	19	(8,070)	(11,517)
Payment of contribution to social and sports fund		(24,351)	(17,685)
Income tax paid		(1,691)	(1,795)
<b>Net cash generated from operating activities</b>		<b>1,999,352</b>	<b>1,456,468</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		17,147	-
Additions to property, plant and equipment		(347,066)	(146,395)
Additions to investment properties	7	(12,811)	(11,200)
Additions to intangible assets		(6,801)	(1,286)
Dividends received	24	92,014	60,832
Finance income received		141,398	119,807
Net movement of investments		226,942	(61,586)
Net movement in the fixed deposit accounts		572,195	(1,040,259)
<b>Net cash generated from / (used in) investing activities</b>		<b>683,018</b>	<b>(1,080,087)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	29	(755,634)	(457,358)
Dividends paid to non-controlling interest		(48,000)	(48,000)
Lease payments		(49,609)	(46,860)
<b>Net cash used in financing activities</b>		<b>(853,243)</b>	<b>(552,218)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,829,127</b>	<b>(175,837)</b>
Cash and cash equivalents at 1 January		1,335,373	1,511,210
<b>Cash and cash equivalents at 31 December</b>	14	<b>3,164,500</b>	<b>1,335,373</b>

This statement has been prepared by the Group and stamped by the Auditors for identification purposes only. The notes on pages 11 to 41 form an integral part of these consolidated financial statements.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 1. REPORTING ENTITY

Qatar Fuel Company Q.P.S.C. (WOQOD) (the “Company” or the “Parent”) is a Qatari Public Shareholding Company formed in accordance with the Emiri Decree No. 5 of 2002 on 10 February 2002 with commercial registration No. 24872. The Company is listed on Qatar Stock Exchange. The Company’s registered office address is P.O. Box 7777, Doha, State of Qatar.

The principal activities of the Parent along with its subsidiaries (the “Group”) are the sale, marketing and distribution of oil, gas and refined petroleum products, vehicle inspection services, marine bunkering, bitumen, transportation of oil and gas, vessel chartering and real estate services. The Group mainly operates in the State of Qatar.

These consolidated financial statements include the financial information of the controlled subsidiaries listed below:

Name of subsidiaries	Country	Effective Group Shareholding	
		2022	2021
WOQOD Vehicle Inspection Company (“FAHES”) W.L.L.	Qatar	100%	100%
Qatar Jet Fuel Company W.L.L.	Qatar	60%	60%
WOQOD Marine Services Company W.L.L.	Qatar	100%	100%
WOQOD International Company W.L.L.	Qatar	100%	100%
WOQOD Kingdom Company W.L.L.	Kingdom of Saudi Arabia	100%	100%
Ard Al Khaleej Real Estate W.L.L.	Qatar	100%	100%
Polaris Marine Services L.L.C.	Oman	100%	100%
Sidra Al Ghariya Shipping Company	Republic of Liberia	100%	100%
Sidra Al Wajbah Shipping Company	Republic of Liberia	100%	100%
Ocean Marine Services Limited	Republic of Liberia	0%	100%
Sidra Al Ruwais Shipping Company	Republic of Liberia	100%	100%
Orbit Marine Services Limited	Republic of Liberia	100%	100%
Sidra Al Rumeila Shipping Company	Republic of Liberia	100%	100%
Sidra Messaied Shipping Company	Republic of Liberia	100%	100%
Sidra Doha Shipping Company	Republic of Liberia	100%	100%
Sidra Al Khor Shipping Company	Republic of Liberia	100%	100%
Horizon Marine Services Limited	Republic of Liberia	100%	100%

As per Law No 21 of 2019 - Extending the concession granted to Qatar Fuel Company (WOQOD) for the marketing, sale, transportation and distribution of gas and petroleum products, the Company’s concession was extended till 17th June 2023. The concession will be under renewal during 2023.

The consolidated financial statements of Group for the year ended 31 December 2022 were authorised for issuance in accordance with a resolution of the Board of Directors on 18 January 2023.

#### 2. BASIS OF PREPARATION

##### a) Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”), applicable provisions of Qatar Commercial Companies Law and the Company’s Articles of Association. Details of the Group’s accounting policies are included in Note 3.

##### b) Basis of measurement

These Consolidated Financial Statements have been prepared under the historical cost convention except for investments and owned land, which have been measured at fair value.

##### c) Functional and presentation currency

These Consolidated Financial Statements are presented in Qatari Riyals, which is the Group’s functional currency. All financial information presented in Qatari Riyals is rounded to the nearest thousands of Qatari Riyals unless otherwise indicated.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

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## 2. BASIS OF PREPARATION (CONTINUED)

### d) Use of judgements and estimates

The preparation of these Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Judgements, assumptions and estimation uncertainties

Information about judgements made in applying accounting policies and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the consolidated financial statements in the next financial year are included in the following notes:

- i) Note 3 (e) – useful lives, residual values and related depreciation charges of property and equipment;
- ii) Note 3 (h) - Financial assets – Business model assessment;
- iii) Note 4 (ii)- measurement of Expected Credit Loss (ECL) allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- iv) Note 5 (i & iii)- accounting for land under property, plant and equipment using the fair value model and determining the fair values on the basis of significant unobservable inputs;
- v) Note 7- accounting for investment properties and determining the fair values on the basis of significant unobservable inputs;
- vi) Note 8 – recognition of investment at fair value through other comprehensive income;
- vii) Note 9 - impairment test of goodwill: key assumptions underlying recoverable amounts;
- viii) Note 20 – key judgements and estimations for determination of decommissioning provision;
- ix) Notes 21 (i) and 31 – recognition and measurement of provisions and contingencies: key judgements and assumptions about the likelihood and magnitude of an outflow of resources;
- x) Note 32 - lease term: whether the Group is reasonably certain to exercise extension options.

### e) New and amended IFRSs that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2022, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- i) Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- ii) Annual Improvements to IFRS Standards 2018–2020
- iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- iv) Reference to the Conceptual Framework – Amendments to IFRS 3

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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## 2. BASIS OF PREPARATION (CONTINUED)

### f) New and revised IFRSs in issue but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p>Amendments to IAS 1 <i>Presentation of Financial Statements—Classification of Liabilities as Current or Non-Current</i></p> <p>The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current.</p> <p>An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</p> <p>The 2022 amendments deferred the effective date of the amendments to <i>IAS 1 Classification of Liabilities as Current or Non-current</i> published in January 2020 by one year to annual reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively with early application permitted.</p>	1 January 2023
<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 <i>Making Materiality Judgements—Disclosure of Accounting Policies</i></p> <p>The IASB has amended IAS 1 require entities to disclose its “material accounting policies” instead of its ‘significant accounting policies’ with ‘material accounting policy information’. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are also added.</p> <p>To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.</p>	1 January 2023

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# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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### 2. BASIS OF PREPARATION (CONTINUED)

#### f) New and revised IFRSs in issue but not yet effective and not early adopted (continued)

##### New and revised IFRSs

**Effective for  
annual periods  
beginning on or after**

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

1 January 2023

The IASB has amended IAS 8 to define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

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# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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### 2. BASIS OF PREPARATION (CONTINUED)

#### f) New and revised IFRSs in issue but not yet effective and not early adopted (continued)

##### New and revised IFRSs

**Effective for  
annual periods  
beginning on or after**

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction 1 January 2023

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

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# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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## 2. BASIS OF PREPARATION (CONTINUED)

### f) New and revised IFRSs in issue but not yet effective and not early adopted (continued)

#### New and revised IFRSs

#### Effective for annual periods beginning on or after

Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions 1 January 2024

The amendments requires a seller-lessee to subsequently measure lease liabilities by determining “lease payments” and “revised lease payments” arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

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Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of these consolidated financial statements:

### a) Basis of consolidation

- i) The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is decognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### iii) Non-controlling interests (‘NCI’)

NCI are measured initially at the proportionate share of the acquiree’s identifiable net assets on the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### a) Basis of consolidation (continued)

###### iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

###### v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from the intra-group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

##### b) Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### c) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over the goods or services to a customer.

###### i) Sale of goods

Revenue is recognized when the control over goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

###### ii) Rendering of services

The Group is involved in providing services related to vehicles inspection, transportation and distribution of refined petroleum products and chartering of ships and vessels. Revenue from such services is recognised upon completion of services as the duration of services is generally short in nature.

##### d) Other income

###### i) Interest income

Interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

###### ii) Rental income

Rental income from investment property is recognized as revenue over the term of the lease. Rental income is included in “Other Income”.

###### iii) Dividend income

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

##### e) Property, plant and equipment

###### i) Recognition and measurement

Items of property, plant and equipment are recognized at cost of acquisition and measured thereafter at cost less accumulated depreciation and any accumulated impairment losses, except for land owned by the Group that is measured at fair value.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### e) Property, plant and equipment (continued)

###### i) Recognition and measurement (continued)

Cost includes all costs necessary to bring the asset to working condition for its intended use and includes project management costs, that are directly attributable to the acquisition of the relevant asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

###### ii) Subsequent expenditure

Subsequent costs that can be reliably measured are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

###### iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of the depreciable assets for the current year are as follows:

Buildings and infrastructure	20-40 years
Plant and equipment	20 years
Vehicles, office equipment and furniture	5-10 years
Vessels	25-30 years

Management has determined the estimated useful lives of each asset and/ or category of assets based on the expected usage of the assets, physical wear and tear depending on operational and environmental factors and legal or similar limits on the use of the assets.

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted, if appropriate.

###### iv) Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognised net within profit or loss.

###### v) Revaluation model

Land held for use for supply of goods or services (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from the fair values if determined at the reporting date.

Any revaluation increase is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A revaluation decrease is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

###### vi) Project in progress

Project in progress comprises projects under construction and is carried at cost less impairment, if any. Project in progress is not depreciated. Once the construction of assets is completed and is put into use, they are capitalized to either the property, plant and equipment or the investment properties depending on their use and depreciated accordingly.

##### f) Investment properties

Investment properties represents land and buildings that are occupied substantially for use by third parties and are held by the Group to earn rentals or capital appreciation. Changes in fair values are not recognised as the Group recognises these investment properties at cost model and carries investment properties at cost less accumulated depreciation and any impairment in value.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### f) Investment properties (continued)

###### i) Recognition and measurement

An investment property is recognized initially at cost of acquisition, including any transaction costs, and is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

###### ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

###### iii) Depreciation

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. Depreciation is calculated using the straight-line method over the estimated useful lives of 40 years and is recognised in profit or loss.

###### iv) Derecognition

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of investment property are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognised net in profit or loss in the period in which the property is derecognised.

##### g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank balances and short-term deposits with maturities of three months or less, if any, net of any outstanding balances and are used by the Group in the management of its short-term commitments.

##### h) Financial instruments

###### i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

###### ii) Classification and subsequent measurement

###### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment and FVOCI – equity investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### h) Financial instruments (continued)

###### ii) Classification and subsequent measurement (continued)

###### Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

###### Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

###### Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the EIR method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value net of transaction costs. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### h) Financial instruments (continued)

##### Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the EIR. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### iii) Derecognition

##### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either, substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### i) Impairment

##### i) Non-derivative financial assets

##### Financial instruments

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade receivables and other receivables.

Loss allowances for trade receivables (including lease receivables) are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Impairment (continued)

##### i) Non-derivative financial assets (continued)

###### *Financial instruments (continued)*

###### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the EIR of the financial asset.

###### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

###### **Presentation of allowance for ECL in the consolidated statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

###### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is more than 1 year past due and not secured by any guarantees, based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

##### ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

#### j) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs include expenses incurred in bringing each product to its present condition and location and measured on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion, marketing, selling and distribution and further disposal. Inventories are adjusted for an allowance for slow moving or obsolete items.



# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### k) Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

#### l) Foreign currency

##### i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

##### ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve.

#### m) Employees' end of service benefits

The Group provides end of service benefits to its employees that meets or exceeds the provisions of the Qatar Labour Law and any amendments thereof. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Group makes contributions to the General Retirement and Social Insurance Authority in respect to its national employees which is calculated as a percentage of the employees' salaries.

#### n) Provision

A provision is recognized when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments which are determined based on the Group's management and internal reporting structure.

#### p) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### p) Leases (continued)

###### i) As a lessee (continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, plant and equipment’ policy.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The lease liability is presented as a separate line in the consolidated statement of financial position.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

##### *Short-term leases and leases of low-value assets*

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (defined as leases with a lease term of 12 months or less), including IT equipment. The Group recognises the lease payments associated with these leases as an expense over the lease term.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### p) Leases (continued)

###### ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components then the Group applies IFRS 15 to allocate the consideration in the contract. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income over the lease term as part of ‘Other income’.

##### q) Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group has an established control framework with respect to the measurement of fair values. The valuation is reviewed for significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or valuation services, is used to measure fair values, then the valuation is assessed based on the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### q) Fair value measurement (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 4. FINANCIAL RISK AND CAPITAL MANAGEMENT

#### a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

#### i) Risk management framework

The Group’s Board of Directors has the overall responsibility for establishment and oversight of the Group’s risk management framework. Risk management function is established, which is responsible for developing and monitoring the Group’s risk management policies and reports regularly to the Board of Directors.

The Group audit committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework.

#### ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the reporting date, the Group’s maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The below table details the maximum exposure to credit risk at the reporting date:

<i>(Amount in thousands of QR)</i>	Notes	Gross carrying amounts	
		2022	2021
Long term deposits	8	2,183,847	2,283,678
Trade receivables	12	2,040,653	2,231,025
Due from related parties	11 (b)	321,442	285,873
Bank balances	14	3,263,819	1,907,072
		<b>7,809,761</b>	<b>6,707,648</b>

#### Trade receivables and due from related parties

The Group has a rigorous policy of credit screening prior to providing goods or services on credit. Credit evaluations are performed on customers requiring credit and are approved by the Group’s management.

The Group seeks to limit its credit risk by setting credit limits for individual customers. The Group further mitigates the credit risk by requesting bank guarantees in accordance with its credit policy. Management regularly monitors outstanding receivables and reviews the collectability of its trade receivables and due from related parties. The Group has a policy to provide for any amounts the collection of which is no longer probable or writes off as bad debts any amounts whose recovery is unlikely. As a result, management believes that there is no significant credit risk on its trade and other receivables and due from related parties as presented on the consolidated statement of financial position. The Group maintains a provision for doubtful trade receivables; the estimation of such provision is reviewed regularly and established on a case by case basis. Refer to Note 12 for trade receivables ageing.

The Group has 5,087 (2021: 5,768) customers with its largest 5 customers accounting for 64% (2021: 70%) of its trade receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking.

The trade receivables and other receivables are unrated.

The movement in the provision for impairment of trade receivables is disclosed in Note 12.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### a) Financial risk management (continued)

##### ii) Credit risk (continued)

- (i) The loss allowance as at December 31, 2022 and December 31, 2021 was determined as follows for trade receivables and due from related parties.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and due from related parties:

(Amount in thousands of QR)	2022			2021		
	Trade Receivables	Due from Related Parties	Loss allowance	Trade Receivables	Due from Related Parties	Loss allowance
Current	1,332,518	242,426	40,978	992,935	185,818	31,498
0-90 days	343,691	47,100	25,275	933,269	43,500	48,802
91 to 180 days	23,726	1,816	6,013	109,716	232	5,155
181 to 270 days	58,915	67	4,446	42,274	(175)	2,184
271 to 365 days	52,875	25	3,438	10,422	4,402	1,342
More than 365	228,928	30,008	65,427	142,409	52,096	71,711
	<b>2,040,653</b>	<b>321,442</b>	<b>145,577</b>	<b>2,231,025</b>	<b>285,873</b>	<b>160,692</b>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast conditions at the reporting date.

The Group has recognised a loss allowance of QR. 146 million (2021: QR. 161 million) against trade receivables.

The Group believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers credit ratings, when available. Most of the above receivables are either secured against a bank guarantee or are receivable from government entities.

As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group’s different customer base.

##### Bank balances

The Group limits its exposure to credit risk on bank balances by maintaining balances and deposits with banks having high credit ratings. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no significant impact of impairment and hence not recorded impairment allowance accordingly.

##### ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. The Group maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities including finance cost payments but excluding the impact of netting agreements, if any. These are expected to mature around their due dates and for the similar amounts:

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

#### a) Financial risk management (continued)

##### iii) Liquidity risk (continued)

(Amount in thousands of QR)	Carrying Amounts	Contractual cash flows			
		Total	Less than 1 year	2 – 5 years	More than 5 years
<b>2022</b>					
Finance lease liabilities	110,914	(110,914)	(29,270)	(40,377)	(41,267)
Due to related parties	3,867,225	(3,867,225)	(3,867,225)	-	-
Trade and other payables	979,760	(979,760)	(979,760)	-	-
	<b>4,957,899</b>	<b>(4,957,899)</b>	<b>(4,876,255)</b>	<b>(40,377)</b>	<b>(41,267)</b>
<b>2021</b>					
Finance lease liabilities	150,726	(150,726)	(40,934)	(61,476)	(48,316)
Due to related parties	2,954,489	(2,954,489)	(2,954,489)	-	-
Trade and other payables	902,849	(902,849)	(902,849)	-	-
	<b>4,008,064</b>	<b>(4,008,064)</b>	<b>(3,898,272)</b>	<b>(61,476)</b>	<b>(48,316)</b>

##### iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### i) Equity price risk

The Group is subject to equity price risk in relation to the equity securities at FVOCI. The Group manages its market risk by evaluating the current market value and other factors including normal volatility in share price for quoted equities by way of investment manager's periodical reports relating to equities. Management monitors the price fluctuations on a continuous basis and acts accordingly.

A 10% increase or decrease in market values of the Group's quoted portfolio of equity securities at FVOCI is expected to result in an increase or decrease of QR 140 million (2021: QR 181 million) in the assets and equity of the Group.

##### ii) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group does not have significant transactions in foreign currency. As the US Dollar is pegged with the Qatari Riyal, the Group is not exposed to currency risk when it transacts in this currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

##### iii) Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates. The Group has interest rate risk arising from bank deposits. These deposits are issued at fixed rates which expose the Group to fair value interest rate risk. However, a change in interest rates at the reporting date would not affect profit or loss.

#### b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. The Group's capital management policy remained unchanged since the previous year. The Group is not subject to any externally imposed capital requirements.

#### c) Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of financial assets and financial liabilities reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 5. PROPERTY, PLANT AND EQUIPMENT

	Land at fair value	Buildings & infrastructure	Plant and equipment	Vehicles, office equipment and furniture	Vessels	Projects in progress	Total
<b>Cost</b>							
At 1 January 2022	525,290	2,201,706	890,458	982,027	407,737	136,984	5,144,202
Additions	-	18,340	21,524	77,484	16,702	230,969	365,019
Revaluation	3,460	-	-	-	-	-	3,460
Transfers from projects in progress	-	94,794	27,286	29,518	-	(151,598)	-
Disposals / Transfers	-	(21,233)	(6,098)	(68,556)	(20,075)	(1,663)	(117,625)
<b>At 31 December 2022</b>	<b>528,750</b>	<b>2,293,607</b>	<b>933,170</b>	<b>1,020,473</b>	<b>404,364</b>	<b>214,692</b>	<b>5,395,056</b>
<b>Accumulated depreciation</b>							
At 1 January 2022	-	523,668	535,625	773,598	161,946	-	1,994,837
Depreciation charge	-	52,926	25,419	68,320	16,655	-	163,320
Disposals / Transfers	-	5	(644)	(63,606)	(4,737)	-	(68,982)
<b>At 31 December 2022</b>	<b>-</b>	<b>576,599</b>	<b>560,400</b>	<b>778,312</b>	<b>173,864</b>	<b>-</b>	<b>2,089,175</b>
<b>Carrying value</b>							
<b>At 31 December 2022</b>	<b>528,750</b>	<b>1,717,008</b>	<b>372,770</b>	<b>242,161</b>	<b>230,500</b>	<b>214,692</b>	<b>3,305,881</b>
<b>Cost</b>							
At 1 January 2021	532,520	2,110,273	849,716	935,359	400,539	177,317	5,005,724
Additions	-	31,160	8,213	30,633	7,268	80,321	157,595
Revaluation	(7,010)	-	-	-	-	-	(7,010)
Impairment loss for the year	(220)	-	-	-	-	-	(220)
Transfers from projects in progress	-	71,473	31,895	17,286	-	(120,654)	-
Disposals / Transfers	-	(11,200)	634	(1,251)	(70)	-	(11,887)
At 31 December 2021	525,290	2,201,706	890,458	982,027	407,737	136,984	5,144,202
<b>Accumulated depreciation</b>							
At 1 January 2021	-	471,439	510,860	700,686	147,927	-	1,830,912
Depreciation charge	-	52,229	23,848	74,161	14,015	-	164,253
Disposals / Transfers	-	-	917	(1,249)	4	-	(328)
At 31 December 2021	-	523,668	535,625	773,598	161,946	-	1,994,837
<b>Carrying value</b>							
At 31 December 2021	525,290	1,678,038	354,833	208,429	245,791	136,984	3,149,365

- i) In prior years, the Group has received Government aid in the form of non-monetary assets at nominal value (6 plots of land located in State of Qatar) and the title deeds for these plots have been transferred to the Group and was accounted for using revaluation model.

Further, a right-of-use has been granted by the Ministry of Municipality and Urban Planning (“Municipality”) for one hundred and one (101) plots of land for the purpose of constructing and operating petrol stations. Out of these lands, the Group has received draft agreements for 10 plots of land which are still under discussion.

The Group has 9 (2021: 10) vessels that operate mainly in fuel bunkering, bitumen and chartering.

Seven vessels are owned by Woqod Marine Services Company W.L.L and two vessels by Polaris Marine Services L.L.C.

- ii) Depreciation allocated to cost of sales amounted to QR 145 million (2021: QR 144.7 million) and general and administrative expenses in amount to QR 18.3 million (2021: QR 19.5 million).

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

iii) The fair value of the Group’s land as at 31 December 2022 has been determined on the basis of valuation carried out by an independent and professionally qualified valuer having appropriate experience in the location and category of the properties being valued.

The fair value measurement of the land has been categorized as a Level 2 fair value based on the inputs to the valuation technique used.

The Group used Market approach for measuring the fair value of the land. The inputs for this valuation technique involved margin for negotiation, size and location adjustments, planning and zoning regulations. These inputs in relation to size, location and commercial viability impact directly the estimated fair value. There is no material change in the valuation assumptions during the year.

#### 6. RIGHT-OF-USE ASSETS

	Land & Buildings	Vehicle	Total
<b>Cost</b>			
As at 1 January 2022	144,284	103,158	247,442
Additions during the year	346	1,338	1,684
Disposals	-	(378)	(378)
	<u>144,630</u>	<u>104,118</u>	<u>248,748</u>
<b>Accumulated Depreciation</b>			
As at 1 January 2022	44,705	55,857	100,562
Charge for the period	20,587	21,122	41,709
Disposals	-	(351)	(351)
	<u>65,292</u>	<u>76,628</u>	<u>141,920</u>
<b>Carrying value</b>			
<b>At 31 December 2022</b>	<b><u>79,338</u></b>	<b><u>27,490</u></b>	<b><u>106,828</u></b>
<b>Cost</b>			
As at 1 January 2021	110,203	102,628	212,831
Additions during the year	34,081	530	34,611
	<u>144,284</u>	<u>103,158</u>	<u>247,442</u>
<b>Accumulated Depreciation</b>			
As at 1 January 2021	24,036	35,166	59,202
Charge for the period	20,669	20,691	41,360
	<u>44,705</u>	<u>55,857</u>	<u>100,562</u>
<b>Carrying value</b>			
<b>At 31 December 2021</b>	<b><u>99,579</u></b>	<b><u>47,301</u></b>	<b><u>146,880</u></b>

#### 7. INVESTMENT PROPERTIES

	2022	2021
<b>Cost</b>		
Balance at 1 January	1,086,377	1,076,452
Additions	148	-
Transfer from property, plant and equipment	12,663	11,200
Impairment	(1,335)	(1,275)
Balance at 31 December	<u>1,097,853</u>	<u>1,086,377</u>
<b>Accumulated depreciation</b>		
Balance at 1 January	186,423	170,136
Depreciation charge for the year	16,454	16,287
Balance at 31 December	<u>202,877</u>	<u>186,423</u>
<b>Carrying Value</b>		
<b>At 31 December</b>	<b><u>894,976</u></b>	<b><u>899,954</u></b>



# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 7. INVESTMENT PROPERTIES (CONTINUED)

The total fair value of the investment property as at 31 December 2022 was QR 1,706 million (2021: QR 1,620 million). The fair value of investment property was determined by independent external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The investment properties were valued using the income earning approach. Under this approach, a property’s fair value is estimated based on the capitalization of the net operating income of the relevant property using the market yield.

The fair value measurement for all the investment properties has been categorized as a Level 3 fair value based on the above inputs on the valuation technique used.

#### 8. INVESTMENTS

Investments represents the investments in shares of listed entities on the Qatar Stock Exchange and other investments. At the reporting date, the details of the closing balances were as follows:

	2022	2021
Investment at FVOCI	1,403,820	1,806,764
Investments account	53,252	15,727
Long term deposits	2,183,847	2,283,678
	<u>3,640,919</u>	<u>4,106,169</u>

Term deposits carry interest and profit at market rates.

The movement in balances of investments at FVOCI during the year is as follows:

	2022	2021
Balance at 1 January	1,806,764	1,382,133
Net (disposal) / acquired during the year	(73,240)	333,384
Net movement in fair value reserve	(329,704)	91,247
Balance at 31 December	<u>1,403,820</u>	<u>1,806,764</u>

#### Fair value hierarchy

The Group uses the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as described in Note 2 (d). As at 31 December 2022 and 2021, the Group held the following classes of financial instruments measured at fair value:

#### Investments securities at FVOCI

	Total	Level 1	Level 2	Level 3
2022	<u>1,403,820</u>	<u>1,403,820</u>	<u>-</u>	<u>-</u>
2021	<u>1,806,764</u>	<u>1,806,764</u>	<u>-</u>	<u>-</u>

During the years ended 31 December 2022 and 2021, there were no transfers between levels of fair value measurements.

#### 9. GOODWILL AND INTANGIBLES

	2022	2021
Goodwill (i)	132,935	132,935
Intangibles (ii)	7,562	2,441
	<u>140,497</u>	<u>135,376</u>

#### (i) Goodwill

	2022	2021
Relating to Qatar Jet Fuel Co. W.L.L. (Q-Jet)	57,700	57,700
Relating to Woqod Vehicles Inspection Co. W.L.L. (Fahes)	75,235	75,235
	<u>132,935</u>	<u>132,935</u>

The recoverable amounts of these CGUs have been based on value-in-use calculations using cashflow projections from financial budgets approved by management covering a five-year period. Based on this exercise, the Group concluded that there were no indications of impairment. The key assumptions used in calculations are set out in the table below:

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 9. GOODWILL AND INTANGIBLES (CONTINUED)

#### (i) Goodwill (continued)

	Qatar Jet Fuel Co. W.L.L		Woqod Vehicle Inspection Co. W.L.L	
	2022	2021	2022	2021
Revenue growth	1.5%	5%	3%	1%
Expenses growth	2%	3%	2%	1%
Discount rate	5.4%	4%	5.4%	4%

Revenue growth was projected considering the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from industry statistical analysis of long-term market trends.

Operating expenses are projected to increase at a single-digit growth rate and at a slower pace than revenue.

Discount rates are derived from the Group’s weighted average cost of capital (WACC) which is used by the management to assess operating performance and to evaluate future investment proposals. In determining discount rates, regard has been given to various market information, including, but not limited to, government bond yield and market risk premium.

Management believes that any reasonably possible change in key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

#### (ii) Intangibles

Intangibles include softwares having useful life of 5 years

	2022	2021
<b>Cost</b>		
Balance at 1 January	3,819	2,533
Additions	6,801	1,286
Balance at 31 December	10,620	3,819
<b>Accumulated amortisation</b>		
Balance at 1 January	(1,378)	(297)
Amortisation charge for the year	(1,680)	(1,081)
Balance at 31 December	(3,058)	(1,378)
<b>Carrying value</b>	<b>7,562</b>	<b>2,441</b>

### 10. INVENTORIES

	2022	2021
Fuel inventory	537,245	290,706
Materials and spare parts	133,577	129,195
Retail stores inventory	36,311	30,855
Other inventory items	12,062	10,181
	719,195	460,937
Provisions slow moving items	(13,792)	(12,995)
	<b>705,403</b>	<b>447,942</b>

The movement in the provision for inventories is as follows:

	2022	2021
Balance at 1 January	12,995	7,727
Provided during the year	797	5,268
Balance at 31 December	<b>13,792</b>	<b>12,995</b>

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 11. RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24, “Related Party Disclosures”. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

##### a) Transactions with related parties

The Group, in the normal course of business, carries out major transactions with QatarEnergy. Sales transactions to QatarEnergy are at arm’s length and purchases from QatarEnergy are in accordance with approved contractual terms. The details of the transactions with this related parties are as follows:

##### Transactions with related parties

	Transaction Type	2022	2021
QatarEnergy	Sales	180,905	157,410
	Purchases	27,437,470	17,226,385
Qatar Gas	Sales	2,757,468	1,869,388
North Oil Company	Sales	253,813	163,390
Rasgas	Sales	228	884
Gulf Drilling International	Sales	23,882	19,630
Amwaj Catering Services	Sales	39,466	32,685
	Services	60,271	42,220
Qatar Chemical and Petrochemical Marketing and Distribution Company	Sales	49,667	41,974
Oryx Gtl	Sales	5,566	5,737
Qatar Steel Company	Sales	7,445	4,984
Nakilat Agency Co.	Sales	238	219
Gulf Helicopter	Sales	25,549	12,207
Qatex Limited	Sales	8,573	9,496
Qatar Aluminium	Sales	8,462	9,855
Dolphin Energy Limited.	Sales	7,227	8,567
Qatar Petroleum Development	Sales	614	6,106
Qatar Chemical Company Ltd	Sales	3,437	2,469
Qatar Fuel Additives Company	Sales	2,257	1,633
Alkoot Insurance & Reinsurance Company	Services	33,264	26,728
Others	Sales	4,393	6,143

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 11. RELATED PARTY TRANSACTIONS (CONTINUED)

#### b) Balances due from related parties:

	2022	2021
Qatar Gas Operation Co. Ltd.	227,669	166,564
QatarEnergy	61,478	85,005
North Oil Company	15,309	14,137
Gulf Drilling International	4,672	5,425
Qatar Chemical and Petrochemical marketing and Distribution Company	3,650	3,752
Gulf Helicopters	2,029	806
Dolphin Energy Limited.	1,753	1,004
Amwaj Catering Services	1,591	1,504
Qatar Steel Company	966	108
Qatex Limited	732	915
Qatar Gas Transport Co. Limited	382	403
Qatar Aluminium	363	947
Qatar Fuel Additives Company	219	122
Qatar Petroleum Development	138	2,385
Qatar Chemical Company Ltd	103	82
Gasal	78	122
Qatar Petrochemical Company	69	1,165
Rasgas	62	582
Qatar Fertiliser Company	51	373
Oryx Gtl	36	250
Ras Laffan Power Co. Limited	31	7
Umm Al Houl Power	23	29
Ras Girtas Power Co.	21	35
Messaied Power company	9	146
Nakilat Agency Co.	5	3
Seef Ltd.	3	2
	<b>321,442</b>	<b>285,873</b>

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There are no guarantees provided or received for related party receivables or payables.

#### c) Balances due to related parties:

	2022	2021
QatarEnergy	3,850,137	2,940,200
Amwaj Catering Services	17,088	14,289
	<b>3,867,225</b>	<b>2,954,489</b>

#### d) Compensation to key management personnel

	2022	2021
Salaries of executive management	14,653	12,532
Board’s remuneration (i)	11,820	11,820
Secondment Allowance	4,598	4,362
Other committee allowances	1,233	1,004
	<b>32,304</b>	<b>29,718</b>

(i) Board of Directors’ remuneration for the year is subject to approval at the ordinary general assembly meeting of the Group to be held on 15 February 2023.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 12. TRADE RECEIVABLES

	2022	2021
Trade receivables	2,040,653	2,231,025
Less: allowance for impairment of trade receivables	(145,577)	(160,692)
	<u>1,895,076</u>	<u>2,070,333</u>

a) The aging for trade receivables is as follows:

	2022	2021
Current	2,021,070	992,935
1-90 Days	12,737	933,269
91-180 Days	1,531	109,716
181-270 Days	1,424	42,274
271-365 Days	-	10,422
More than 365 days	3,891	142,409
	<u>2,040,653</u>	<u>2,231,025</u>

b) Movement in allowance for impairment of trade receivables:

	2022	2021
At 1 January	160,692	173,971
Net provided during the year	1,329	2,593
Reversal of provision	(16,444)	(15,872)
At 31 December	<u>145,577</u>	<u>160,692</u>

### 13. PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
Staff advances and loans	29,036	28,765
Advances, deposits and prepaid expenses	25,791	54,967
Receivable from Ministries	64,986	64,986
Other receivables	15,105	9,752
	<u>134,918</u>	<u>158,470</u>

### 14. CASH AND BANK BALANCES

	2022	2021
Cash	681	668
Balances with banks		
- Current and call accounts	508,477	142,669
- Fixed deposits	2,655,342	1,192,036
<b>Cash and cash equivalents</b>	<u>3,164,500</u>	<u>1,335,373</u>
Fixed deposits having maturity more than 3 months	100,000	572,367
<b>Cash and bank balances</b>	<u>3,264,500</u>	<u>1,907,740</u>

Fixed deposits carry interest and profit at market rate.

### 15. SHARE CAPITAL

	2022	2021
<b>Authorized:</b>		
1,000,000,000 ordinary shares of QR 1 each (2021: 1,000,000,000 shares of QR 1 each)	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid up share capital:</b>		
994,255,760 ordinary shares of QR 1 each (2021: 994,255,760 shares of QR 1 each)	<u>994,256</u>	<u>994,256</u>

### 16. LEGAL RESERVE

The Group maintains a legal reserve in line with the requirements of the Qatar Commercial Companies Law, which states that at least 10% of the profit in each year should be transferred to a legal reserve until the balance in such reserve is at least 50% of a Group's paid-up share capital. This reserve is not available for distribution, except in circumstances specified in the above-mentioned Law.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 17. FAIR VALUE RESERVE

The fair value reserve comprises of the cumulative net change in the fair value of investments at FVOCI until the assets are derecognized.

Movement in the fair value reserve related to Investments at FVOCI is as follows:

	2022	2021
At 1 January	240,412	158,339
Net change in fair value	(333,843)	82,074
At 31 December	<u>(93,431)</u>	<u>240,413</u>

### 18. FINANCE LEASE LIABILITIES

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2022	2021	2022	2021	2022	2021
<i>Current Portion</i>						
Less than one year	34,214	47,772	4,945	6,838	29,269	40,934
<i>Non-Current Portion</i>						
Between 1 and 5 years	52,292	76,043	11,915	14,567	40,377	61,476
More than 5 years	55,981	65,221	14,715	16,905	41,266	48,316
	<u>108,273</u>	<u>141,264</u>	<u>26,630</u>	<u>31,472</u>	<u>81,643</u>	<u>109,792</u>
<b>Total</b>	<b><u>142,487</u></b>	<b><u>189,036</u></b>	<b><u>31,575</u></b>	<b><u>38,310</u></b>	<b><u>110,912</u></b>	<b><u>150,726</u></b>

### 19. EMPLOYEES’ END OF SERVICE BENEFITS

	2022	2021
Balance at 1 January	97,947	90,108
Provided during the year	24,230	19,356
Paid during the year	(8,070)	(11,517)
Balance at 31 December	<u>114,107</u>	<u>97,947</u>

### 20. DECOMMISSIONING PROVISION

Provision was made during the year in respect of the Group’s obligation to decommission assets at the end of the lease term.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The Group has been provided with a range of reasonably possible outcomes for the total cost, reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate which is the addition of risk-free rate and market risk premium.

### 21. TRADE AND OTHER PAYABLES

	2022	2021
Trade payables	73,732	120,384
Retentions payable	12,789	13,231
Accruals, provisions and other payables (i)	893,241	769,234
	<u>979,762</u>	<u>902,849</u>

- (i) includes QR 179 million (2021: QR 141 million) provision for rent towards 101 plots of land located in State of Qatar upon which a right-of-use has been received from the Ministry of Municipality and Urban Planning (“Ministry”) for constructing and operating petrol stations.

Since the Group expects to receive the agreements for the remaining plots of lands, the Group makes provision for all the lands received from the Ministry on the basis of the information available in these draft contracts.

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

### For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

#### 22. REVENUES

The Group derives its revenue from contracts with customers for the transfer of goods and services as following:

	2022	2021
Sale of fuel products	28,769,625	18,479,476
Sale of non-fuel products	995,551	879,948
Revenue from services	169,744	172,072
	<u>29,934,920</u>	<u>19,531,496</u>

Sale of non-fuel products and services include QR. 169,744 thousand (2021: QR 172,072 thousand) of revenue for transfer of services over time. Remaining revenue is derived for the transfer of goods and services at a point in time.

#### 23. COST OF SALES

	2022	2021
Cost of goods sold	28,813,171	18,463,433
Depreciation	192,081	187,490
	<u>29,005,252</u>	<u>18,650,923</u>

#### 24. OTHER INCOME

	2022	2021
Dividend income	92,014	60,832
Rental income	146,955	138,356
Miscellaneous income	30,061	21,393
	<u>269,030</u>	<u>220,581</u>

#### 25. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Staff cost and related benefits	140,436	136,775
Depreciation	31,079	35,496
Office expenses	11,494	8,542
Other expenses	30,051	28,770
Interest expense	-	1,601
Selling and marketing expenses	22,102	19,138
	<u>235,162</u>	<u>230,322</u>

#### 26. FINANCE INCOME

	2022	2021
Profit from deposits with Islamic banks	90,491	67,596
Interest from non-Islamic banks	50,908	52,211
	<u>141,399</u>	<u>119,807</u>

#### 27. PROVISIONS / IMPAIRMENT

	2022	2021
(Provision) / reversal for bad and doubtful debts	(1,329)	13,279
Impairment of property, plant and equipment	(913)	(220)
Impairment of investment properties	(1,335)	(1,275)
	<u>(3,577)</u>	<u>11,784</u>

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 28. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the year attributable to the equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year as follows:

	<b>2022</b>	2021
Profit for the year attributable to the equity holders of the Parent	<u>1,070,065</u>	<u>974,026</u>
Weighted average number of shares outstanding during the year (thousand shares)	<u>994,256</u>	<u>994,256</u>
<b>Basic and diluted earnings per share (in QR)</b>	<u><u>1.08</u></u>	<u><u>0.98</u></u>

There were no potentially dilutive shares outstanding at any time during the period and therefore the diluted earnings per share are equal to the basic earnings per share.

### 29. DIVIDENDS

The shareholders approved a cash dividend of QR 0.76 per share, amounting to QR 755.6 million for the year ended 31 December 2021 at the Annual General Assembly meeting held on 27 February 2022.

The Board of Directors has proposed cash dividends of QR 0.90 per share, amounting to a total of QR 894.8 million for the year ended 31 December 2022. The proposed dividend will be submitted for approval at the Annual General Assembly meeting.

### 30. OPERATING SEGMENT

#### a) Basis for segmentation

For management purposes, the Group is organized into business units based on their products and services. Accordingly, the Group has identified single reportable operating segment i.e. sale and distribution of refined petroleum products. All other business units are combined as others. Other operations include the vehicle inspection services, marine bunkering, vessel chartering and rental of investment properties.

The Group’s geographical segment is the State of Qatar and Sultanate of Oman.

The Group’s Chief Executive Officer reviews the internal management reports of each division at least quarterly.

#### b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

31 December 2022	Fuel products and related services	Others	Total
Segment revenue	29,929,750	216,066	30,145,816
Inter-segment revenue	(171,225)	(39,671)	(210,896)
<b>External revenues</b>	<u><b>29,758,525</b></u>	<u><b>176,395</b></u>	<u><b>29,934,920</b></u>
Segment profit	1,065,653	107,705	1,173,358
Interest income	136,122	5,276	141,398
Interest expense	9,340	-	9,340
Depreciation and amortisation	189,275	33,888	223,163
<b>Other material non-cash items:</b>			
– Impairment losses on trade receivables	55	1,274	1,329
– Impairment losses on non-financial assets	1,335	-	1,335
<b>Segment assets</b>	<u><u><b>12,201,963</b></u></u>	<u><u><b>2,208,477</b></u></u>	<u><u><b>14,410,440</b></u></u>
<b>Capital expenditure</b>	<u><u><b>348,644</b></u></u>	<u><u><b>18,033</b></u></u>	<u><u><b>366,677</b></u></u>
<b>Segment liabilities</b>	<u><u><b>5,028,618</b></u></u>	<u><u><b>69,214</b></u></u>	<u><u><b>5,097,832</b></u></u>



# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 30. OPERATING SEGMENT (CONTINUED)

#### b) Information about reportable segments (continued)

31 December 2021	Fuel products and related services	Others	Total
Segment revenue	19,503,099	213,965	19,717,064
Inter-segment revenue	(143,222)	(42,346)	(185,568)
<b>External revenues</b>	<b>19,359,877</b>	<b>171,619</b>	<b>19,531,496</b>
Segment profit	1,002,312	72,111	1,074,423
Interest income	103,935	15,870	119,805
Interest expense	8,679	-	8,679
Depreciation and amortisation	191,361	31,627	222,988
<b>Other material non-cash items:</b>			
– Impairment losses on trade receivables	15,872	-	15,872
– Impairment losses on non-financial assets	8,285	220	8,505
<b>Segment assets</b>	<b>10,717,129</b>	<b>2,590,973</b>	<b>13,308,102</b>
<b>Capital expenditure</b>	<b>150,305</b>	<b>8,576</b>	<b>158,881</b>
<b>Segment liabilities</b>	<b>4,060,798</b>	<b>69,809</b>	<b>4,130,607</b>

#### c) Reconciliations of profit on reportable segments to the amounts reported in the consolidated financial statement

	2022	2021
Total profit before tax for reportable segments	1,065,653	1,002,312
Profit before tax for other segments	107,705	72,111
Elimination of inter-segment profit	(72,000)	(72,000)
<b>Consolidated profit before tax</b>	<b>1,101,358</b>	<b>1,002,423</b>

#### d) Geographic information

The sale of fuel products and related services segments are carried out primarily in the State of Qatar. However, marine operations are carried out in State of Qatar and Sultanate of Oman.

The geographic information analyses the Group’s revenue and non-current assets by the Group’s country of domicile and other countries. In presenting the geographic information, segment revenue and segment assets were based on the geographic location of the country of origin of Companies.

#### i) Revenue

	2022	2021
State of Qatar	29,919,010	19,499,577
<b>All foreign countries</b>		
Sultanate of Oman	15,910	31,919
	<b>29,934,920</b>	<b>19,531,496</b>

#### ii) Non-current assets

	2022	2021
State of Qatar	8,023,960	8,361,191
<b>All foreign countries</b>		
Sultanate of Oman	41,717	53,129
Kingdom of Saudi Arabia	23,424	23,424
	<b>8,089,101</b>	<b>8,437,744</b>

# QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)

### 31. COMMITMENTS AND CONTINGENCIES

#### Capital commitments

	2022	2021
Capital commitments	<u>29,409</u>	<u>211,150</u>

#### Contingent liabilities

	2022	2021
Bank guarantees	<u>132,784</u>	<u>131,912</u>
Letters of credit	<u>-</u>	<u>531</u>

The above guarantees and letters of credits have been issued in the ordinary course of business and the Group anticipates no material liabilities from these.

### 32. LEASES

#### a) Leases as lessee

The Group leases warehouses, plots of land and vehicles. The leases typically run for a period of range of 5 to 30 years.

#### *Amounts recognised in consolidated statement of profit or loss*

<b>Leases under IFRS 16</b>	2022	2021
Interest on lease liabilities	<u>8,111</u>	<u>7,508</u>
Expenses relating to short-term leases	<u>8,444</u>	<u>5,043</u>

#### *Amounts recognised in consolidated statement of cash flows*

	2022	2021
Total cash outflow for leases	<u>49,609</u>	<u>46,860</u>

#### i) Extension options

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group does not have any variable leases.

#### b) Leases as lessor

The Group leases out its investment properties consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective.

#### Operating lease

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

<b>Operating lease rentals – Group as a lessor</b>	2022	2021
Less than one year	176,451	179,122
One to two years	168,368	173,455
Two to three years	165,031	163,405
Three to four years	131,246	155,829
Four to five years	<u>60,665</u>	<u>120,829</u>
<b>Total</b>	<u>701,761</u>	<u>792,640</u>

## QATAR FUEL COMPANY Q.P.S.C. (“WOQOD”)

### Notes to the Consolidated Financial Statements

#### For the year ended 31 December 2022

*(All amounts are expressed in thousands of Qatari Riyals unless otherwise stated)*

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#### 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	1 January	Financing cash flows	Non-cash changes	31 December
2022	150,726	(41,498)	1,684	110,912
2021	155,469	(39,353)	34,610	150,726

#### 34. COMPARATIVE FIGURES

An amount of QR. 54 million has been reclassified in the comparative year from general and administrative expenses to cost of services to maintain consistency in line with business. However, such reclassification did not have any effect on the net profit or the equity of the comparative year.